

2008-2009 PERFORMANCE PLAN – Portfolio Manager, Internal Equity Strategies (D. Bienvenue)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
40%	Index International	Return deviation in basis points relative to: International Equity Index Portfolio versus CalPERS FTSE Dev World Ex US&Tobacco {SWB3 – QR32}	-30 basis points = 0 -10 basis points = 1.0 0 basis points = 1.5
15%	Global Equity Performance	Excess return deviation in basis points relative to: Global Equity Performance Benchmark. {GLOBLIC – CPERSGE2}	- 50 basis points = 0 -10 basis points =1.0 +15 basis points =1.5
5%	Domestic & International Fundamental	Return deviation in basis points relative to: Domestic Fundamental Portfolio versus CalPERS Custom Wilshire 2500 {SWDS – Y082} (50%) International Fundamental Portfolio versus CalPERS FTSE Dev World Ex US&Tobacco {SWEU – QR32} (50%)	0 basis points = 0 +50 basis points = 1.0 +100 basis points = 1.5
5%	Domestic & International Internal REIT	Return deviation in basis points relative to: Domestic REIT Portfolio versus CalPERS Strategic Non-Core REIT {SW8Q – VJ72} (50%) International Asset Allocation REIT versus FTSE EPRA / NAREIT Global Real Estate {SWCX – WH5D} (50%)	-30 basis points = 0 -10 basis points = 1.0 0 basis points = 1.5
5%	Dynamic Completion	Return deviation in basis points relative to: Dynamic Completion Portfolio versus Custom DCF Benchmark {SW2M – ZZV2}	-200 basis points = 0 -100 basis points = 1.0 0 basis points = 1.5
5%	Participant Driven Affiliates	Return deviation in basis points relative to: Affiliate S&P 500 (SK52) versus S&P 500 Index {SK52 – X01D} Pooled S&P 500 Index Fund versus PERS Blended S&P 500 Ex Tobacco {SK80 – QM32} Russell 2500 versus Russell 2500 Mid / Small Index {SKB1 – XF5D}	-30 basis points = 0 -10 basis points = 1.0 0 basis points = 1.5
75%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans’. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process <ul style="list-style-type: none"> ▪ By 12/1/08 begin the individual 360 feedback survey assessment process. ▪ By 2/1/09 identify one to two areas of personal development. ▪ By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> ▪ By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. ▪ By 12/31/08, participate in a cultural reinforcement session with the Investment Office. ▪ By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. ▪ By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> ▪ Serve on at least one external board or committee; or ▪ Conduct at least one presentation at conference or similar event; or ▪ Write an article. 	From Schedule

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
10%	Global Equity Benchmark Shift	Lead the Global Equity effort to migrate to the new, cap weighted Global Equity benchmark including: <ul style="list-style-type: none">• Develop and monitor tool for allocation assessment.• Work with Wilshire to determine schedule and logistics.• Launch Developed Markets Small Cap and Emerging Markets Index funds.• Migrate assets market capitalization weights.	From Schedule
25%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	